

FINANCE DIRECTOR/TREASURER'S OFFICE

Fiscal Year 2008

As Finance Director/Treasurer, I am responsible for the coordination of all financial activities of the Town, managing and coordinating the activities of the Finance Department (Accounting, Assessing, Collections, Treasury), development of operating and capital budgets and appropriate budgetary controls, the disbursement, investment, and management of all funds belonging to the Town, and for effective financial planning and management of debt and debt policies. I also serve as the primary staff liaison to the Finance Committee, Joint Capital Planning Committee, and the Budget Coordinating Group.

Since FY 03, the Finance Department has reduced the number of full-time equivalent staff by 20%, from 16.31 to 13.00. This has been possible only through the Town's investment in new technology and the staff's ability and willingness to embrace technology to deliver better and more efficient service to the public. In FY 07, automated handheld parking ticket technology was deployed to parking enforcement officers, which provided the dual benefit of reducing the number of voided tickets from illegible script and the elimination of data entry of ticket data by collector's staff. Previously, the Collector's Office introduced on-line banking services and partnered with the IT and Fire Departments to streamline ambulance patient medical reporting and billing through deployment of laptop computers in ambulances. The Assessors increased on-line access to property information. It was necessary, however, to close the Central Services counter to the public on Thursday mornings beginning July 2007 following the most recent staff reduction to allow remaining staff to continue to complete billing and other critical reconciliations and back office functions in a timely manner.

I worked closely with the Finance Committee to draft the Town's first comprehensive set of written financial management policies and objectives, which were formally adopted by the Finance Committee in January 2008. <http://www.amherstma.gov/financialpolicies> The financial management policies and objectives set forth in the document are intended to increase and sustain the financial strength and stability of the Town of Amherst. They reflect a combination of policies and practices either required by state/federal statute or regulation, the Amherst Town Government Act, Town Bylaws, industry best practices, and local preferences. Articulation of these policies and objectives is essential to long-term financial planning that sets realistic boundaries on what the Town of Amherst can accomplish and helps direct resources to the highest priorities.

In November 2007, Town Manager Larry Shaffer appointed me to the new position of Assistant Town Manager/Finance Director. I am responsible for all of my previous duties as the Finance Director/Treasurer, along with taking on additional responsibilities associated with serving as Acting Town Manager in the absence of the Town Manager.

The Town's earnings on investments decreased as interest rates declined in FY 08, ranging from an average of 5.31% in July 2007 to 2.72% in June 2008. Certificate of Deposit (CD) rates decreased from 5.28% early in the year to as low as 2.85% by May 2008. Per Massachusetts general laws, municipalities are not allowed to invest funds for a period greater than one year. A total of \$739,224 was earned from investment interest, stock and mutual funds in FY 08, a decrease of \$61,718 from the prior fiscal year. The General Fund received \$431,421, the Enterprise Funds received \$182,807, the Community Preservation Fund received \$38,873, the Stabilization Fund received \$31,389, the Health Insurance Fund received \$20,214, the Worker's

Compensation Fund received \$16,695, the Trust Funds received \$13,848, and miscellaneous accounts (CDBG, Gift, Arts Lottery) received \$3,977.

There were two borrowings during FY 08. The Town issued \$855,000 in Bond Anticipation Notes (BANs) on June 20, 2008 for construction of athletic fields at the Plum Brook Recreation Area (\$340,000) and for exterior improvements to Town Hall (\$515,000). The Plum Brook Recreation Area portion was a renewal (rollover) of debt principal remaining from the \$500,000 that was originally authorized by Town Meeting; \$160,000 of this debt has been retired over the past three years. Community Preservation Act funds are to finance two-thirds of the cost, with the remainder financed by taxation over ten years. The Town Hall debt issue was for \$515,000 in new borrowing, a portion of the \$575,000 authorized by Town Meeting in November 2007. The unissued portion of Town Hall debt will be issued later. The Note will mature on June 19, 2009. The Town received a favorable net interest rate of 2.34% via competitive bid. Also on June 20, 2008, the Town issued \$427,000 in State Aid Anticipation Notes (SAANs) for the Cushman Brook Corridor Project (Haskins View acquisition of 28.66 +/- acres for conservation and passive recreation purposes) in anticipation of a grant reimbursement from the Commonwealth of Massachusetts' Self-Help Program. This project was authorized by Town Meeting in November 2007. The Note was dated June 20, 2008 and matured on August 19, 2008. The Town received a favorable net interest rate of 2.29% via competitive bid.

The Treasurer's Office manages the tax titles for the Town. When a taxpayer becomes delinquent in paying real estate taxes or other local charges that constitute liens on real estate, the Town has statutory authority to take title to the taxpayer's property and, subsequently, to undertake proceedings to foreclose on the property by petition to the Land Court. The property owner can redeem the property by paying the unpaid taxes, with interest and other charges. Twenty-five new properties were placed in tax title accounts during FY 08, totaling \$67,826. There were 19 properties removed from tax title accounts during the year. Payments totaled \$82,978. Additional interest collected totaled \$7,808. As of June 30, 2008, there were 54 parcels with a balance of \$265,669 outstanding. Tax possessions totaled \$68,288 on June 30, 2008.

Clause 41A allows income-eligible elderly homeowners to defer payment of their real estate taxes until the owner or his/her estate sells the home. This option is intended to help make it financially possible for qualifying citizens to continue living in their homes. The maximum allowed deferral of taxes equals one-half of the assessed value of the property. The interest rate on deferred tax is 4% until the property is sold or the eligible taxpayer is deceased. The interest rate then increases to 16% until payment is received. On the recommendation of staff, the 2006 Annual Town Meeting voted to accept a new provision in state law that allows the Town to reduce the rate of interest that accrues on property taxes deferred by eligible seniors under G.L. c. 59 §5, Clause 41A from 8% to 4%, with such reduced rate to apply to taxes assessed for the fiscal year beginning July 1, 2006. The number of taxpayers participating in this program increased to a total of ten compared to six the prior year. As of June 30, 2008, there were ten properties with deferred taxes, amounting to \$122,822. I believe that reducing the interest rate encouraged additional taxpayers to take advantage of the program.

Lastly, I want to acknowledge Assistant Collector Jennifer Loven, who earned her professional certification as a municipal collector from the Massachusetts Treasurers and Collectors Association in the fall of 2007. She is in her 10th year of service with the Town and is one of several "unsung heroes" in the Finance Department and throughout Town government service

who make local government “work” for the citizens of Amherst. I am reminded daily of the dedication and integrity that Town employees at all levels of the organization bring to their daily work serving the people of Amherst. Thank you to all.

Submitted by,

John P. Musante
Assistant Town Manager/Finance Director